

EXHIBIT A

PARKER H. PETIT
1650 COX ROAD
ROSWELL, GA 30075

February 16, 2021

Dear Judge Rakoff,

I have been given all types of advice on writing this letter and its proper contents. While I have listened to others, I hope you will accept that the result is something that has come from my sincerity on all these matters. Therefore, I wish to provide you with some thoughts on my sentencing, some commentary on the way that I have attempted to conduct my life, a perspective on my health and bladder cancer, and some issues leading up to our indictments. I have tried not to be presumptuous, but educational with my comments. I thank you for your time and attention.

Incidentally, I requested a pardon from the President very late in his process, and it was denied. I did that because my cancer had returned after almost one year, and I was fearful of what effects incarceration would have on my cancer.

SENTENCING

When I have had difficult and challenging situations develop in my life, I have always managed to persevere. In developing that perseverance, I have taken these events as "learning experiences," both for myself as well as for others. My faith has always led me to believe that when unfortunate things happen in your life, you are to accept those things, remain steadfast, and learn the associated lessons. I believe those lessons will be important as you live your life, but most importantly, they will be beneficial to other people if you can help find ways to interact and communicate in the proper ways.

After your reading of the sentencing materials submitted by my attorneys, I believe you are aware of the fact that we lost our second son at the age of seven months to a crib death on June 30, 1970. Within a

few months of his death, I had developed some concepts for a home monitoring device that would be used to keep infants from succumbing to Sudden Infant Death Syndrome. I left my management position at Lockheed in Atlanta to start my first company, Healthdyne. After several years of struggling, in terms of raising capital and utilizing all of my capital, the American Academy of Pediatrics finally endorsed our system of home monitoring and data gathering to be the primary means of managing the threat of SIDS for high-risk infants. Thus, I focused my strategy on being certain that other families did not have to go through the loss of a child as the result of SIDS. I have used that philosophy numerous times in my life.

Having gone through this trial and related ordeals, I want to use it as a "teaching moment," not only for me, but also for numerous other individuals, particularly those executives in the business community. I believe there are some excellent lessons to be learned and facts to be absorbed from my experiences that would be very beneficial to certain managers, executives and the public.

Also, I have always been quite focused on giving back. Along those lines, I wish to relate to you a recent situation and then make a request.

To assist my lawyers in identifying individuals who could speak accurately and honestly about their interactions with me over the years, I provided the names of the principals of three charitable organizations to which I had given time and money over the years. In all three cases, I spent time with the founders of these charities helping them with some of their business and corporate development decisions. However, I never had sufficient time to devote to these charities as I would have liked.

As I have recently interacted with these principals - Ross Mason, Dean Sikes and Jack Williams - about their writing a letter that would discuss my involvement with their charitable organizations over the years, we began to talk about ways that I could continue to help them in the future. This seemed to strike a chord with them, and we began discussing ways that, if I were ordered to complete "community service" as part of my sentence, I could help them with their current activities.

All three of them run very efficient organizations, but they need mature and experienced consulting on numerous issues, which include building their organizations, their staffing function, the financing function and so on. Recent discussions have even developed about cooperation between the Spirit of America Foundation and the Ideals Foundation when I pointed out the commonality of the decision makers who allow them into the schools. Thus, we have all become rather enthusiastic about the possibilities of my providing them with consulting services in the future on a "community service" basis. I certainly think I could be very effective in assisting these charities with some of their numerous and complex business decisions, and it would be meaningful to me to assist in this manner.

Each of the executives at these three charities told me that they would like to have me available a minimum of 10 hours a week to help them with their strategic planning and tactical follow-ups. Of course, I have devoted a business lifetime to doing this type of planning and business development. I respect each of these three individuals in terms of their business and management expertise so I do not think we would have a problem in presenting the court with satisfactory follow on reports. I expect the documents would set out a clear pathway to assist these organizations and help build their local and national presence in the next year or so. The causes they represent, which are detailed in their individual letters, are all extremely worthy, and I think very necessary in today's economic environment and the state of mind in which we find many of our teenagers because of the COVID virus.

I do not know how unique this sentencing proposal is or whether it is something that you could support. I will say that I am always certain that my commitments are carried through, and success has generally resulted. As a number of people have attested, I still have a great deal of energy to think and to do, although I am sometimes sapped by my cancer. I would work diligently to make this a very successful program for all three charities.

Therefore, I would like to request that you consider giving me community service as part of my sentencing.

CONDUCT OF MY LIFE

It has been suggested that I provide you some commentary on what I believe to be my personal traits and the way I have conducted my life. However, I am not used to talking about myself, and I do not relish doing so.

My father was a stern disciplinarian who exhibited "tough love." Throughout my upbringing, I was steeped in, "Do not tell a lie." He said to me (and I repeated to my children), there is nothing worse than you lying to me about anything because there is nothing you can do that will be worse than the lie. I passed that on to my children in the same way my father passed it on to me. Thus, when I hear people accusing me of telling lies, it is particularly frustrating. I never purposefully lie. I believe I have conducted myself in a fashion over the years so that I had nothing that I really felt I needed to lie about. I am of the philosophy that you explain the "good the bad and the ugly," and admit to and resolve any issues that fall into the bad and ugly category. I have often used in my management conversations that, "Honesty is not the best policy; honesty is the only policy."

In my 47 years of business leadership, I have had employees and managers who did not tell me the truth and, in some cases, told me bold-faced lies. I would do my best to differentiate between individuals who were consummate liars and those who had made a mistake and were just trying to cover themselves. As I said in my management book that I wrote in 1992, "If you make a mistake and disclose it, it becomes our issue to resolve. If you make a mistake and lie about it, it becomes your issue to resolve." In the latter case, most circumstances will dictate that the employee be terminated for causing all the problems associated with an attempted cover-up.

As it turned out, my self-confidence and courage suited me well for my entrepreneurial activities. When I left my position at Lockheed in early 1971 to start my first company, I did have some trepidation. However, I quickly learned that tenacity generally pays off, and I pushed through numerous difficult and frustrating situations over the decades that resulted in successes. Thus, I think I am a person who has the courage of my convictions, and I will take appropriate business and, in some cases,

personal risks to do the right thing and not the easy thing. And if you were to have a chance to glance through my management booklet, which I have included, I think you will see enough to realize that I am an individual who does respect honesty and integrity.

I have also been gifted with a logical mind that seems to include common sense on “most days,” as my Dad would often say! While I was never an extremely bright student (I only graduated in the top 35% of my class at Georgia Tech), I worked my way through difficult analytics with logic and not through my ability to memorize. I got very used to studying longer and harder than most of my classmates due to my lack of having much of a photographic memory.

My father always stressed to me the importance of being accountable and to only make commitments that you could fulfill and would fulfill. So as my management and leadership skills emerged, I certainly held myself as well my subordinates accountable. We would talk through all of the issues that needed to be managed, but everyone obtained a clear picture of their responsibilities and how they would be held accountable. As I recall, I lost only a few members of our management groups over the decades, and I certainly do not think I lost anyone from their being held accountable as the ground rules were always very clear.

I have always been a person who worked hard and long hours. I seemed to enjoy what I was doing, particularly after I became an entrepreneur. It was very gratifying to align bright minds into common goals that others did not seem to be able to achieve. We developed over 100 new healthcare products and, in some cases, base technologies over the decades.

In this forced retirement resulting from my being asked to resign by the former MiMedx Board on June 30, 2018, I have been rather bored at times. However, I have focused my attention on several very worthy non-profit organizations that I have financially supported and where I thought my years of business experience and, in some cases, technology development could be helpful. I have thoroughly enjoyed assisting these organizations in that manner because of the way they are helping many other individuals.

I will not step back into the "business world" again. I have put 47 years of 60 plus hours a week into those endeavors, and I believe that I can safely say I will not "flunk retirement" again relative to new business activities.

MY BLADDER CANCER

I also want to share some information about my health. First, until being diagnosed with bladder cancer, I had been blessed with good health. My wife has certainly seen to it that I have eaten healthy! I have tried to keep myself in reasonably good shape as I aged. However, I know from my healthcare background that many cancers are caused by stress in a person's life. I lost a younger brother to cancer after he had gone through a very difficult period with the death of his oldest daughter. I also lost one of my respected sales managers who was diagnosed with cancer right after his family experienced a very traumatic period during which his son was accused of killing another teenager in what was a high school football brawl. Our sales manager contracted cancer within a few months, and over a period of about a year, he deteriorated and died. Thus, I believe my cancer was probably triggered by my frustrations with the illegal short sellers and the investigations that I think went out of control.

With my particular cancer, it is very common that it can come back after it has been surgically removed from the bladder. That has happened to me now at least five times. Routine endoscopes are required every three months. If the cancer gets embedded in the wall of the bladder, then the bladder is generally removed, and further complications can develop. Therefore, I know that whatever has caused the cancer is still present in my life. I suspect that relates to the frustrations related to all these accusations, the indictments, and the trial. Right after the trial, I was checked again, and the cancer had returned after being absent for about one year.

After the surgery, there is an immunotherapy or chemotherapy drug infused weekly into the bladder via catheter. After that procedure, urination becomes very painful and very frequent for almost one week, and then the infusion procedure is given again. Sometimes the severe pain and frequency can be reduced by medication. But, in my case, that

has not been that effective. Thus, the six weeks after each surgery are fraught with attempts to reduce the pain from the weekly infusions by drug changes and physician discussions.

I would certainly prefer not to be incarcerated and to still be allowed to contribute my experience and wisdom to a number of very worthy charitable organizations. I think I could continue to make some substantial contributions to all those entities.

HISTORY PRIOR TO INDICTMENTS

While what I will discuss in this section may not be relevant to my sentencing, I believe that your quest for knowledge in the legal realm as well as in the business arena will benefit. I managed public companies for approximately 37 years. During that period of time, our companies made approximately 37 acquisitions and around 10 divestitures. We had at least six initial and follow-on public offerings for our parent and subsidiary companies, and we did some significant convertible debt financings on a couple of occasions.

Over those decades with our several subsidiary public companies, I suspect I have been involved in almost one hundred year-end audits conducted by two of the Big Four auditors and one large regional auditor. Thus, there is not much in the public company and Wall Street environment that I have not done, seen, or certainly heard about. So, I implore you to read this section and absorb the information and facts. After that, I hope you will agree that this “short and distort” campaign involving illegal short selling and fails-to-deliver against MiMedx is a travesty. While there have been a number of books written on these subjects, MiMedx has become an absolute “Poster Child” for this enforcement imbalance of certain federal regulations related to illegal short selling.

With illegal short selling having very few constraints in today's regulatory and Wall Street environment, there will be continual corporate travesties of this nature. At some point, I would love to give you my full knowledge about situations of this nature because I think our legal system has a role to play to resolve the abuses. In addition, I am certain your quest for knowledge will take you into the business

issues involved, and I am sure there are contributions that you can make as a federal judge in this area also.

In spite of my long tenure as a public company officer and my leadership skills and tenacity, I was unable to stop this series of events that transpired at MiMedx. There were too many interested parties who were seeking to benefit from the massive profits, and a Board of Directors that was just not experienced enough to deal with the issues as they arose. Of course, once an investigation was started, I had very little that I could say or do relative to the process because of my potential involvement and the Sarbanes Oxley rules.

Please be patient as you go through the following pages, and do understand that I am trying to involve an inquisitive and active federal judge into an area that needs leadership from numerous areas.

When the MiMedx story is fully told, it will certainly be a strong incentive for companies with exciting opportunities to never become publicly traded. In the last decades, the number of companies that are publicly traded in America has been cut almost in half. Much of that has to do with this unbalanced enforcement of the regulatory system. So this is certainly a subject that you, as a federal judge, might wish to understand and develop some additional perspective about. As I have noted watching some of your YouTube videos and reading your various publications, you have an excellent command of not only numerous legal issues, but also business issues as well. This MiMedx corporate background will add some new perspectives, I believe.

As the former Chairman and CEO of a public company, I have seen a number of significant changes in the way American public companies are expected to operate during those decades. I am aware of the Parks Doctrine and the Sally Yates Doctrine. Frankly, both of these doctrines should be thought through carefully by all public company executives because of their far-reaching implications. In many cases, they put corporate executives in a position that is just untenable and unrealistic. I believe this is one of the reasons there are only about half as many public companies today as they were some decades ago.

After having expressed these concerns, I want you to clearly understand

that I fully accept the responsibilities that I had as Chairman and CEO of MiMedx Group, Inc. I sincerely believe that I managed those responsibilities well and to the best of my abilities and knowledge. My previous businesses grew relatively rapidly, but not as fast as MiMedx. MiMedx was the fifth fastest-growing public company in America by 2017. I was keenly aware that there were various levels of corporate governance and operational management that needed to be adjusted as any enterprise grows. I had made those changes numerous times with my previous companies, and I was about to make some changes in our management structure at MiMedx related to being certain that our sales activities were more deeply embedded in our accounting group when the short selling campaign against MiMedx began to transpire in late 2017 and early 2018.

I had no indications in 2015 or prior that the company had any major issues. In fact, if that had not been the case and if I had known that Bill Taylor or I had possibly created fraud in the latter part of 2015, I certainly would never have recommended to our Audit Committee that we retain a new Big Four auditing firm in early 2017.

I believe that if Bill Taylor and I had testified at our trial, we would have conveyed the fact that, regardless of what transactions took place with these four distributors in the latter part of 2015, there was no intent to commit accounting or securities fraud. There were no motivating factors for us to commit fraud because the very small amount of extra bonus pay based on revenue was certainly inconsequential relative to the huge implications for executives engaging in fraudulent activities.

I must accept responsibility for all corporate activities in this area because I signed, along with our two financial executives, the company's financial statements. However, I had no idea that any of our activities could ever be viewed as accounting or securities fraud. There was no scienter in our activities, although after having viewed some of the emails from sales personnel down the chain of command, I could see where an inexperienced skeptic might allege intent whereas experienced business managers would not. However, I hope that after having read these written comments to you, which have some of the mitigating details, you will understand why I feel that there was no scienter involved in our actions.

The MiMedx federal investigations were similar to those described in a book entitled *Cardiac Arrest* by Howard Root as both investigations were started by a corrupt sales employee who told lies to federal agencies, and in our case, also to illegal short sellers. Our whistleblower had convinced a dozen or more of the MiMedx sales people to join him in a scheme to sell competitive products into their existing MiMedx accounts. One of the participants in this scheme actually made approximately \$700,000 of “extra” commissions! The MiMedx sales organization was one of the best paid in the industry, but that did not deter this corrupt action by these sales employees. And, these actions also violated all of their non-compete contracts. When confronted with this malfeasance, the whistleblower’s lawyer went public with false allegations against MiMedx, and this attracted the short sellers. From that point forward, one of the most corrupt short sellers in the country, Marc Cohodes, assembled a group of individuals to act in a coordinated effort against MiMedx. This is called a “short and distort” campaign by the SEC, and it is illegal.

I have attached in Appendix A two publications by Joe Nocera from Bloomberg. These articles clearly discuss the “short and distort” campaign orchestrated by the illegal short seller, Cohodes, against MiMedx beginning in late 2017. The fraudulent activities that Cohodes conducted in terms of creating lies and misinformation are pointed out. However, the articles do not go into the trading regulations that we showed were broken numerous times in his campaign. The SEC took no action at all against Cohodes, and he finished his plan against MiMedx with the letter that he wrote from Aurelius, one of his journalistic skills, to our new auditor Ernst & Young, which intimidated them into stopping our 2017 audit just two weeks before it was due. This was Cohodes’ most corrupt action, and our press release on the delayed audit caused a major drop in our stock. This is almost two and a half years after Taylor and I supposedly committed “side deals” with four distributors.

Incidentally, I wrote the SEC Commissioner, Jay Clayton, a lengthy and detailed letter with legal oversight on January 3, 2018, outlining the Cohodes’ “short and distort” campaign against MiMedx. We also included a notebook on stock trading data from the various short

sellers. The situation was well documented. However, I never received any acknowledgement of my letter, and Georgia Senator David Perdue's inquiries went unanswered as well in spite of him being on the Senate Banking Committee, which has SEC oversight.

This short seller, Cohodes, coordinated and published numerous items of misinformation and lies about the company and its employees. MiMedx management eventually posted corrections to all of his allegations on the company's website. This brought the stock back up to \$18 per share, which is where it had been when the short sellers originally started their attack. With that result, Cohodes then took that very destructive approach by writing the lengthy letter to Ernst & Young threatening them and demanding that they require an investigation of his allegations.

Ernst & Young came to the Board of Directors on February 6, 2018, and stated that they could not finish the 2017 audit, which was due in two weeks, until the company conducted an investigation on Cohodes' allegations. Incidentally, those allegations included nothing associated with either the DOJ or SEC charges against Bill Taylor and me. Cohodes' allegations were all ridiculous lies. Again, please review the article by Joe Nocera of Bloomberg in Appendix A. Note Cohodes' threats on my life!

Ernst & Young also accused the Audit Committee of not conducting a thorough investigation on the whistleblower's allegations a year earlier because a "forensic" audit had not been done. The Audit Committee thought that conducting a forensic audit on ridiculous issues brought by a corrupt sales person was not warranted. The Audit Committee had conducted a thorough investigation when the corrupt whistleblower originally made his allegations. They retained a national law firm that the company had utilized for decades, and a three-month investigation was conducted which resulted in a finding of no wrongdoing.

In addition, Ernst & Young suggested to the Chairman of the Audit Committee that he retain King & Spalding to do the new investigation of the short seller's accusations. That suggestion proved to be a \$50 million windfall for King & Spalding and a financial and business disaster for the company.

With the personal accusation by Ernst & Young that the Audit Committee had not conducted a thorough investigation of the whistleblower's allegations, the Audit Committee Chairman became extremely paranoid, and he made the initial decision to retain King & Spalding on his own without a Board review. From that point forward, the Board, less Petit and Taylor, was being managed and manipulated by the King & Spalding investigators. After 15 months and approximately \$50 million of fees for King & Spalding, the company made the allegations against Bill Taylor and me that were used in the DOJ indictments.

Bill Taylor and I were never interviewed by the King & Spalding former prosecutors and attorneys. The Board asked for that to be accomplished, but it never took place. Thus, Petit and Taylor were never given due process of the law, and their counter-arguments to most of the charges have never been heard. In reality, a corporate takeover by a few Board members took place, which turned out to be very harmful to the company and its shareholders. Fortunately, all of those Board members have now been replaced. However, they issued themselves very low priced stock options in early 2019, which they still retain.

As of today, MiMedx has spent over \$150 million on all of the legal and accounting costs associated with the King & Spalding investigation. This has been a windfall for a number of law firms and accounting firms. This action almost put MiMedx, which was the fifth fastest-growing public company in America according to Fortune Magazine, out of business. It has been a destructive process and a travesty to over 15,000 shareholders, 240 terminated employees out of 1,000 and the company's tens of thousands of patients.

As I previously stated, many knowledgeable and experienced persons believe that there is an unbalanced enforcement of SEC and DOJ regulations. Illegal short sellers and whistleblowers perpetuating lies against public companies are given a pass on laws and regulations that they clearly violate. These individuals are looked upon by the legal staff at these agencies as needing to be treated with care as they bring potential white-collar crime cases to them. Relative to the short sellers, they should be paid a fee like a whistleblower, but not allowed to

continue to conduct an illegal “short and distort” campaign against the company while a government investigation is transpiring. I believe our illegal short sellers made approximately \$500 million in profits!

On the other hand, companies are viewed as fair targets. The Sally Yates Doctrine suggests all investigations focus on top management, regardless of the allegations, because government fines can be higher. Thus, there is not a focus on determining justice, but rather on individuals who could be capable of committing corporate malfeasance, which then becomes a “witch-hunt.” This is extremely detrimental to the many millions of American public company shareholders, employees and executives. There should be a very strong respect for entrepreneurial organizations who are rapidly creating jobs and new technologies rather than for the growing U.S. legal cabal that does not create wealth, but merely rearranges it!

One very key question overhangs the build-up of this case. In 2017, after being at the JP Morgan Healthcare Conference, I was told by three of our largest and long-term shareholders that MiMedx was absolutely a wonderful success story, but the company needed to go from utilizing a large regional accounting firm to a Big Four national accounting firm. I knew that changing auditors was always problematic, and I discussed the matter with our Audit Committee. My premise was that the company was functioning so efficiently and effectively that I did not think there would be any issues, nor did the Audit Committee. So they advised me to go interview the Big Four firms in Atlanta and bring back a recommendation. I did so, and Ernst & Young was selected to be our new auditor. Ernst & Young began the auditing process with a review of the third quarter of 2017. That review went flawlessly with many positive comments by Ernst & Young.

Here is the key question:

If I were creating fraud, and I knew that Bill Taylor was creating fraud, why would I have ever taken the initiative to bring in a new auditing firm? I would have been an “idiot” to do so! I believe that should be taken into account when trying to understand any unlawful motives or scienter associated with this case. If any of my actions created fraud, it was certainly not because I was

knowledgeable of any accounting flaws nor was I colluding with one of my other executives.

Another related consideration is that, even if the prosecutors' allegations are accepted as truthful, who was hurt by these four alleged revenue recognition issues? Their claims of revenue being accrued in the wrong quarters does not include any allegations that the revenue was non-existent or that the revenue was not collected in cash taking into account the reserves. In fact, if this "reserve analysis" had been included, I believe that the sales returns and allowances reserves that the company had been booking each quarter would have assured that there would be no material misrepresentation to shareholders about the timely revenue accruals in 2015. In fact, in MiMedx's July 6, 2020, 10-K filing with the SEC, there is a statement that says, "THE COMPANY RECOVERED THE MAJORITY OF ITS BILLINGS (OF REVENUE) MADE BETWEEN 2012 AND 2017 WITH INSIGNIFICANT WRITE-OFFS RECORDED." This is a clear statement that the accusations on revenue misstatements were unfounded, and even the accounting restatements of revenue to a cash basis for five years were unnecessary.

The two fund managers that the prosecution put on the stand during the trial both admitted that, when the company did finally miss its revenue forecast in the first quarter of 2016, they actually bought more stock. It was not until February 2018 when the illegal short seller threatened in writing our new auditors who then refused to complete the 2017 that the stock really dropped in price. When the company had to announce that it would not finish the 2017 audit on time, the stock dropped significantly. That is when the damage really occurred. Thus, these issues were really caused by an illegal short seller who was violating federal laws and being very destructive in trying to bring the company's stock price down by lying and intimidating the company's auditors. This decline was not caused by Taylor and Petit's distributor negotiations in 2015 because the price decline occurred almost three years later, and it was unrelated.

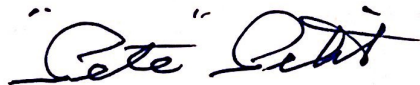
On June 30, 2018, when the Board of Directors asked Bill and me to step down in order for them to "take the company in a different direction," they also took away from us all of our deferred compensation in the form of stock options and our severance agreements. In my case, I came

out of retirement to financially support and manage MiMedx out of a potential bankruptcy situation. As such, I voluntarily took a salary cut of about 50% in order to accomplish those tasks. So my early deferred compensation was not given for some future possible performance, but it was given to compensate me for the company's inability to pay my full salary in cash. Thus, I lost a significant number of stock options, which was principally granted for several years of salary compensation the company could not afford to pay. Therefore, I have already been severely penalized by the company taking compensation away from me that was certainly not justified, particularly in light of the fact that Bill Taylor and I built the base for this company to the point where it became the major success that it did.

In addition, the company has recently filed a lawsuit against Bill Taylor and me to stop paying any of our legal fees and to recover all the legal fees that they have paid in terms of our Indemnification Agreement. In my case, this will be approximately \$15 million. If the company prevails in this lawsuit, both Bill Taylor and I could approach personal bankruptcy. For two individuals who did not knowingly violate any accounting rules or regulations to be treated in this manner is unconscionable. Particularly in light of the fact that we are the two people that built this company into the strong and productive organization that it still is today, in spite of significant mismanagement by the previous Board after we left.

I thank you for demonstrating the patience to read through my letter as well as those from numerous others. I am sure you have the wisdom to understand that my words are sincere.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Pete" followed by a stylized surname.

Parker H. "Pete" Petit

EXHIBIT A-1



MANAGEMENT

MiMedx Style



MiMedx Confidential

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FORWARD

This is the third printing of this booklet. It was first printed in January of 1992 for Healthdyne, my original company. It was printed the second time in December of 2003 for Matria Healthcare, which had been spun out of Healthdyne to its shareholders.

While these two previous organizations were much larger than MiMedx, these management principles and tenets still certainly apply. As a matter of fact, MiMedx should grow at a very rapid rate, and it is particularly important that a management team and associates have management guidelines during the rigors of high growth.

I would like each of you to study MANAGEMENT - MiMedx Style. Also, I would ask that you go back once every quarter and take time to review this information again. As you begin to grow and broaden your management responsibilities and those of your subordinates, you will find much more reference material in the booklet.

These principles have served other significant organizations very effectively. I view "participatory management" as the business applications of the Golden Rule. Most organizations do not function in this manner; therefore, I expect you will encounter doubts from new members of the management team and associates during the process of learning to use these principals. However, be tenacious and determined in following the principals, and you will see significant improvements in your management effectiveness, and if you are an associate, in becoming a more effective member of our organization.

I look forward to working with you to grow MiMedx into a significant participant in the orthopedics sector of healthcare.

A handwritten signature in black ink, appearing to read "Pete".

"Pete" Petit

February 2, 2010

FORWARD

I have decided to have this booklet on management principles reprinted after almost 12 years. These principles served Matria's parent, Healthdyne, and they have certainly served the other corporations that I managed over the years. Matria has now reached the point where it is time to again formalize these principles and philosophies. Therefore, we are having this booklet republished with a few minor changes.

In this publication, we have also included our Operating Principles which include the Bill of Rights and Responsibilities and the Management Tenets. These Operating Principles were developed by a group of over 50 members of our predecessor Company's management team. Many of those members are still with us today. The Operating Principles clearly delineate the "rights and responsibilities" of both management and our employees. Although these principles were developed many years ago, they are all still applicable today.

As I stated in 1992, I want each member of our management team to read this booklet and become very familiar with the philosophies and principles. Please refer to the booklet from time-to-time to renew your knowledge and commitment to these philosophies and principles. Also, as I previously said, I would like you to let me know of your successes and failures using these techniques. As always, I would appreciate having your suggestions for better ways to "Manage-Matria Style."



"Pete" Petit

December 1, 2003

INTRODUCTION

Over the years, I have developed my personal management philosophies. Through my experience gained at Healthdyne and my other business ventures, I have come to certain conclusions about the way organizations are most effectively managed. In many cases, these philosophies have developed as the result of trial and error. In some cases, this was a result of my error that caused someone else's trial! Either way, I think these principles have served Healthdyne effectively in the past and will serve us more effectively in the future if we begin to discuss, challenge, modify and use what should become our philosophies.

It is my goal to disseminate our management philosophies to all management and supervisory associates at Healthdyne. The development of these philosophies within our management culture will be an ongoing process. I plan to spend much more time in face-to-face discussions with our management on these philosophies and the issues that develop from their use. Therefore, as a first step, we plan to publish this information, and then follow up with all members of the management team to continue to develop "MANAGEMENT—*Healthdyne Style*". Also, this material will become part of our "General Management" training program.

In the following sections, we will discuss the components of management and management tasks. This will provide a basis for a discussion of our philosophy of "participative management".

Please study this material along with our "Operating Principles" manual because of the interrelationships between the texts. Come back and review this material every few months. Finally, write and let me know of your successes and failures with our philosophies and your suggestions for better ways to "Manage—*Healthdyne Style*".

A handwritten signature in cursive script, appearing to read "Pete", enclosed in quotation marks.

"Pete" Petit

January 10, 1992

COMPONENTS OF MANAGEMENT

It is my personal belief that MANAGEMENT has two major components. These are the “leadership component” and the “administrative component”. You will find in many discussions that leadership and management are treated as separate functions. I believe strongly that the leadership function is an integral component of effective management. I do not believe you can manage effectively without leading. So, I believe it is best that we take a fresh approach and agree that management at MiMedx will include both the leadership function and the administrative function.

If we view management as a set of activities that includes the leadership and administrative components, then it is much easier to deal with the numerous issues related to the development of quality management. If one is able to understand how both the leadership and the administrative functions affect management, then the overall management task is more easily understood and learned.

The leadership component of management generally deals with subjects such as inspiring and motivating subordinates, developing creativity, setting examples, and producing a “vision” or long term strategy for the organization. In many cases, leadership is involved with the “why” an organization must accomplish certain tasks, goals, and objectives and “why” it is in the employees’ best interests to align themselves with these efforts. When leadership is effective, everyone knows and understands where they are going, and they are enthusiastic about participating. Also, good leadership will challenge and produce beneficial “change” in an organization.

The administrative component of management is generally concerned with the delegation and completion of tasks, projects, and goals with the giving of the proper levels of authority for subordinates to accomplish their delegated responsibilities. The administrative component generally deals with the “what”, the “who”, the “where”, the “when”, and the “how” issues related to a management task. Effective administrators “control” and solve problems, and in so doing, they create and maintain “order” within an organization.

If we break management up into these two subcomponents, it is much easier to picture the successes and failures of different management activities. Since management must be accomplished through individuals, the ability to recognize their successes and failures and to categorize them either into leadership issues or administrative issues is very helpful. Also, since an effective and growing organization must balance “change” and “order”, it is imperative that we all understand the personality traits that cause these counteracting forces which result from leadership and administration.

Since staffing is one of the most critical management functions, it is helpful to understand management in its leadership and administrative framework so that personality type can be blended in an organization to achieve optimal and well rounded overall management. Generally, an individual will have a propensity for either strong leadership skills or strong administrative skills. Any organizational unit needs individuals with both of these skill sets to successfully accomplish its objectives. Both of these skill sets must be available through the manager or a top subordinate of the management staff. In other words, managers can learn to complement their strengths and weaknesses with subordinate management if they understand both the leadership and administrative components of management and how they affect their organization's performance.

The excellent manager has a good balance of leadership and administrative skills. There are numerous examples in both business and government where world class managers have emerged. Generally, these individuals get singled out as leaders. However, I submit that they had to be excellent overall managers as well. If they did not also have strong administrative skills, they were wise enough to surround themselves with people who did. However, with contemporary business philosophy, it is not very "in" to single out a national "manager" as opposed to a national "leader".

As a manager at MiMedx, I hope you will be able to objectively determine your strengths and weaknesses. You currently have certain propensities for leadership and for administration. Besides taking an objective look at yourself, seek out other people's opinions. Ask your superiors and subordinates for their honest appraisal of your skills in both of these areas. From this input and self analysis, try to improve your skills where they are weak. Keep in mind that the most important aspect of this self examination process is to be able to understand your strengths and weaknesses and surround yourself with staff that will complement you. When you are able to accomplish that task, you will be on your way to building a very strong and effective organization.

MiMedx uses the "Personal Profile System" as a means for managers to better understand themselves and their subordinates as well as their colleagues and even their boss. This is a simple yet accurate test that can be given in about 15 minutes. Our Human Resources department has the software to quickly produce the completed profile. The results will include the basic behavior patterns, ways to best manage the employee, and the techniques that the employee will use to manage. MiMedx managers and supervisors should give these profiles to all their key subordinates. These profiles can be very effective in team building, counseling, training, career path planning, and the interview and promotion process. Our Human Resources department will assist any manager in administering this program. By taking advantage of this profile system, you will increase your effectiveness as a manager and that of your entire organization!

LEADERSHIP

There are certain personality traits that leaders generally exhibit. Some of these are tenacity and persistence, humility, fairness, unselfishness, honesty, courage, and the ability to communicate.

Tenacity and persistence are important because people are seldom interested in following a “short timer”. They want to follow managers who have stood the test of time or have those qualities that make them comfortable in the belief that they will do so.

Managers who exhibit humility, fairness, unselfishness, and honesty easily and quickly develop trust with their subordinates. Arrogance and unfairness beget apathy and resentment. The ability to laugh at oneself and not take oneself too seriously is also conducive to the development of trust. Trust is the cornerstone of participative management, and we will discuss that in a following section. Unselfishness dictates that leaders should always pass accolades on to their subordinates. Remember, “success comes easily when you do not care who gets credit”.

Courage is another quality that engenders respect from subordinates. If a person is absolutely not afraid to make a potentially devastating decision or to jump into battle, then that is bravery or foolishness. However, if they are afraid of the decision or of the battle, but do it anyway, then that is courage. Subordinates understand and recognize the difference, and they will respond to courageous management.

The key process for obtaining consensus and commitment from subordinates is verbal communications. It is very difficult to lead without the ability to communicate. You cannot communicate effectively without frequently being physically present with your subordinates. You can supplement your direct presence and communication through voice mail, email, written materials, and telephone, but your frequent presence is more important.

The content of your communications is very important if your leadership is to be effective. Generally, your communications should be motivational and clearly delineate the “why” message. Your subordinates must know the shared goals within your organization and “why” they are important in order for them to feel that they are a part of your team. This is very basic to the inspirational and motivational process. Always try to emphasize the positive while being frank about negative issues. If a negative message has to be delivered, then explain how the individual or organization can turn the situation around.

I also have the view that the leadership skill is very difficult to teach. However, administrative skills are much more easily learned. I have had debates with members from the academic community on this subject, but my experience has shown me that it is much easier to take individuals who have the personality traits conducive to leadership and school them in the administrative skills rather than the reverse.

ADMINISTRATION

As previously mentioned, administration generally deals with the delegation and completion of tasks, projects, and goals and the giving of the proper levels of authority for subordinates to accomplish those acts. As such, the formal organizational structure is utilized to “control” and obtain compliance.

Personality traits that good administrative abilities require include skills such as the ability to think logically, to comprehend the interrelationships of tasks, to focus on the critical issues, to organize and develop plans, and possess effective time management skills. Basic intellectual capacity is certainly a requirement, but it is not necessarily a guarantee that an individual can be an effective administrator.

People who can administer effectively have a propensity to organize their own time well. These types of personalities will generally keep daily organizers. Once individuals have learned to manage their personal time well, then administrative tasks that occur from the delegation process will be more easily accomplished.

Some very organized individuals may dedicate the majority of their time to organizing rather than accomplishing. Be certain that your subordinates’ organization activities result in actions rather than additional organizing!

One of the key skills a good administrator should master is the “follow up process” which occurs after the delegation process. Develop ways to check that assigned tasks, projects, or goals are being worked through properly and on the projected schedule. Good administrators will not accomplish the assigned tasks for their subordinates, but they will continually check by several different means to be certain that the project is moving along properly.

Good administrators have a “sense of urgency” and are always aware that time is working against them. They understand how to set priorities so there is always progress occurring on any given project. They realize how to run parallel courses so that one task is not holding up other tasks of the project. They must strike a balance between being too impetuous and being too indecisive or tentative.

COMPARING LEADERSHIP AND ADMINISTRATION

An effective way to better grasp the differences between leadership and administration is to actually compare them on a functional basis. This can be accomplished by noting the differences in the “setting of goals”, the “staffing function”, the “delegation process”, and the “results” which are obtained.

In the “setting of goals”, the administration component of management is concerned with planning and budgeting while the leadership component is concerned with the setting of direction. The planning and budgeting process can be called “tactics” as they have a short time frame. Setting the direction of an organization involves the development of “strategy”, which is of a long-term nature.

MANAGEMENT *MiMedx Style*

With planning and budgeting, the administrator goes through the process of developing schedules and steps for achieving the desired results with an allocation of resources to achieve the tactical goals. The tactical goals support the strategies for achieving the long term goals or vision. On the other hand, leadership is involved with the setting of direction. This is strategy, and it includes the development of the vision for future goals and the techniques for producing the changes needed to achieve that vision (See Figure 1).

Relative to the “staffing function”, there are also major differences. The administrators are concerned with the development of an organizational structure for accomplishing the tactical goals, the staffing of the structure with qualified individuals, the delegation of responsibility and authority, providing policies and procedures to guide the staff, and creating methods and systems to monitor the progress. As a contrast, the leaders align their employees by communicating the direction by words and deeds so as to influence the development of coalitions and teams that understand and accept the validity of the vision and strategy that will achieve the vision (See Figure 2).

With the “delegation process”, administrators are concerned with controlling and problem solving. They will monitor the results versus the plans, identify the deviations, and subsequently plan and organize to deal with the problems. Administrators attempt to keep “bad things” from happening. At the same time, leaders must concern themselves with motivating and inspiring their employees. In the process, they try to make “good things” happen by energizing and empowering their employees to overcome bureaucratic, political, and resource barriers to change. This is accomplished by satisfying and aligning the basic human needs of their employees (See Figure 3).

When we look at the “results” that come from the administration and leadership functions, there are also major differences. The administrative process produces “order”, and it has the potential of producing consistent results that are expected by the various stakeholders. For instance, for customers we will provide a quality service or product; for stockholders, we will provide financial results that meet their expectations. Contrasted to those results, leadership will produce “change”. These changes generally will be significant such as new services, new products, and new approaches to a changing market (See Figure 4).

SETTING GOALS

ADMINISTRATION	LEADERSHIP
<p>Planning and Budgeting:</p> <p>This is TACTICS. Developing schedules and steps for achieving desired results with the allocation of resources to achieve the tactical goals which support the strategies for achieving the long term goals or vision.</p>	<p>Direction Setting:</p> <p>This is STRATEGY. The development of the vision for future goals, and techniques for producing the changes needed to achieve that vision.</p>

Figure 1

STAFFING FUNCTION

ADMINISTRATION	LEADERSHIP
<p>Staffing and Organizing:</p> <p>Establishing the structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation.</p>	<p>Aligning People:</p> <p>Communicating the direction by words and deeds to all those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies, and accept their validity.</p>

Figure 2

DELEGATION

ADMINISTRATION	LEADERSHIP
<p>Controlling and Problem Solving:</p> <p>Monitoring results vs. plan in some detail, identifying deviations, and then planning and organizing to solve these problems.</p>	<p>Motivating and Inspiring:</p> <p>Energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying very basic, but often unfulfilled, human needs.</p>

Figure 3

RESULTS

ADMINISTRATION	LEADERSHIP
<p>Produces a degree of predictability and order, and has the potential of consistently producing key results expected by various stakeholders (e.g., for customers, provide a quality service or product; for stockholders, meeting expectations).</p>	<p>Produces changes, often to a dramatic degree, and has the potential of producing extremely useful change (e.g., new services or new products, new approaches to a changing market).</p>

Figure 4

Thus, we can see that there are some very different results produced by the administrative and leadership functions. However, in an efficient and successful organization, there will be a balance of these functions so that “order” is maintained while “change” takes place! Effective managers will orchestrate all transitions so that “order” is maintained while “change” takes place.

You should reflect on these differences and their importance to your organizational unit. You should subsequently reflect on your management skills and those that exist in your organization and the need to supplement those skills. Reflect on your abilities and those of your subordinates so that you can begin to make improvements that will balance the administrative and leadership components of the management in your organization.

MANAGEMENT TASKS

There are four very important tasks related to management, particularly in our type of businesses. These include staffing, development of subordinates, delegation, and planning. Since people are our most important asset, these four tasks are all related to doing the best job with the management of our most important asset...our employees and team members. These are all administrative tasks, and they relate to controlling and problem solving. The management process at MiMedx starts here; however, leadership will fine tune and finish the process.

STAFFING

Since people are our most important asset, staffing becomes an extremely important task. All managers should continually attempt to upgrade their team by promoting or bringing in better staff. There should be a continual process of singling out qualified individuals from both outside and inside the organization and convincing them to either join the MiMedx team or accept more responsibility. It should be a priority to know who the successful managers, specialists, and sales people are in your markets, areas, or regions and a priority to continually try to convince them to join your team.

Besides being the best qualified for their position, there are only two other real characteristics that must always be present with MiMedx employees. First, we must always seek ethical persons who have integrity. Second, we must always seek individuals who will accept responsibility for their actions and their position.

I wish I could give you a test to administer or specific questions to ask which would determine if individuals have these two important characteristics. I certainly cannot accomplish that task, and I do not think anyone can with any degree of certainty. So, when you offer employment to someone, you always take a chance. However, you also have to monitor the situation very carefully and quickly, and make a change if you have made a mistake.

Relative to the ethics and integrity of individuals, there is one characteristic that is certainly a key indicator...it is their inclination to lie for their own self betterment. There is a line where embellishment becomes a lie. Be careful in checking statements they have made on their employment applications or résumés. You must always find ways to deal with the question of whether a person will do what is right in all situations. Will they put the organization's interests ahead of their own and tell the truth regardless of the circumstances?

Regardless of the position, you should always seek individuals who will act in a responsible manner. It does not matter whether they will have supervisory or management responsibilities, because we certainly want them to take the initiative and take responsibility for their own actions. You must learn to ask questions that will give you some indication of their degree of responsibility. Look for indications

that an individual is a “giver” rather than a “grabber”. In other words, they will put the team’s interests ahead of their own.

When you are hiring or promoting individuals to supervisory or management positions, their ability to accept responsibility is extremely important. I find that many individuals want “the titles” and “the authority” that go with supervisory and management positions. However, while they will accept responsibility easily for successes as a result of their position, few want to accept credit for “failures”. Many individuals do not have the self confidence to accept failures. Try to find people that will accept total responsibility for the good, the bad, and the ugly!

Now, what about the situation where you have made a mistake with your new hire or the promotion of an individual? What are the acceptable ways to make this type of management change? I suggest that you make your assessment of their effectiveness very quickly. Generally speaking, you should know within the first 90 days whether an individual will be effective in a particular position. While there may be some extenuating circumstances, you will see the signs of failure within that 90 day period. Also, you will always suffer from the optimism employed with a new hire. You would not have hired the person if you had not felt very optimistic about the qualities they possess and the successes they will achieve in the position. However, try to examine things without the rose colored glasses. In other words, be objective!

During this 90 day period, you must counsel, counsel, and counsel again. Do not bring anyone into a position without taking the time to train and give significant input during these first 90 days. This is a very crucial period, and the foundation for success or failure is built here.

If you realize that you have made a mistake, what are your alternatives? First, if this is a good employee who has ethics and integrity and will accept responsibility, then try to restructure the position. Modify the duties if necessary. If that is not productive, then explore moving that employee to a different position. If this is accomplished, you must be very honest and frank with the employee in terms of the reasons for the change. However, be careful with this approach. Changing someone’s position in a company can sometimes be extremely devastating to the individual. During this process, you must continually emphasize the strengths and weaknesses that the individual possesses. I would encourage you to “go that extra mile” with any individual who has the basic MiMedx traits and shows a willingness to be flexible. If those conditions are not present, then you have to encourage the employee to seek employment where the individual’s specific skills can be better utilized. When that final meeting takes place, the issues should not be a “surprise” to the individual! If that occurs, then the counseling was not adequate.

MANAGEMENT *MiMedx Style*

Remember one very important thing...you must be decisive! It is only fair to your subordinate, to you, and to other MiMedx employees that your decisions be made in a rapid, orderly, and proper fashion.

One important measurement of an organization's effectiveness that relates to staffing is "turnover". When individuals regularly leave our organization for other opportunities on their own volition, then I generally assume that we have a problem with the management of that unit. I will keep probing until I can determine the issues. You should do the same!

Let me discuss another major issue in the staffing process: whether or not to promote from within. My experience has shown me that when an organization is growing at over 25 percent per year, it is generally impossible to have total compliance with a promotion from within policy. In slow growth corporations, that is a policy that can be followed. However, in a rapid growth environment, it is impossible for the organization to satisfy all its management needs without going outside.

I have seen management problems occur at Matria and Healthdyne because we promoted from within when we should have hired from the outside. While this practice seems to be very fair to existing team members and management, it can actually cause a multitude of problems and result in being unfair to everyone. When internal candidates who are not fully qualified are given additional management responsibilities, it is not only unfair to the individual, it also causes a general organizational malaise. Managers and subordinates lose confidence, become frustrated, and poor performance and financial results occur. If this happens too often within the organization, then a serious organizational malaise will result. It is best that our team realizes that we will always promote from within when it is possible. However, everyone needs to understand that we must periodically go outside the company to bring in additional expertise and experience. When employees see good examples of how this process is managed, then there are very few complaints that develop from these actions. Also, remember to evaluate and judge internal candidates as critically as you would evaluate external candidates. Make as objective a decision as possible without showing favoritism or a bias to either type of candidate.

It is not easy to accomplish the staffing tasks; we will all make some of our worst mistakes here. I have personally made a couple of hiring mistakes that have cost Matria and Healthdyne very dearly. So, be tolerant of your hiring mistakes and those of your subordinates, but correct them quickly.

DEVELOPMENT OF SUBORDINATES

Good managers will be continually coaching, training, and educating their subordinates. If managers are unable to develop qualified subordinates, then their promotion to a more responsible position will be hindered. The quickest way to receive more management responsibilities at MiMedx is to rapidly develop your subordinates.

The development of subordinates is a major balancing act. You must continue to balance the delegation process and the learning process. You must delegate to your subordinates and allow them sufficient flexibility to accomplish their tasks without mistakes taking place where major costs or damage occurs. It will take skill and experience on your part to properly balance this process. Also, there will be costs and expenses employed with the subordinate's learning processes. I like to call these our "tuition expenses" for the management training process.

One of our basic management philosophies is that it is all right to make a mistake at MiMedx . It is up to you to see that the mistakes being made by your subordinates occur in this learning environment and that the "tuition expenses" which result are being offset by the development of the subordinates. The two extremes of this balancing act, namely "micro management" and "delegation without follow up or abdication", will both cause problems so you must seek and find the technique that is correct for each individual subordinate.

This follow up process is not to be misconstrued as a micro management process. You have to leave your subordinates enough freedom to develop and show their management capabilities. You must give the authority to your subordinates and allow them to exercise their management skills and judgment; otherwise, they will not develop. There is certainly a balance in allowing a few mistakes from which they may learn. However, you cannot allow those small mistakes to develop into disasters. As we have often stated, the corporate expenses that occur as a result of mistakes should be viewed as "tuition costs" for our management school!

I realize that it is very difficult to balance this process between allowing subordinates the room to develop and protecting your organization and MiMedx from the costs employed with mistakes. Remember, we are all going through a "learning process", and we want to reap the benefits resulting from our mistakes as well.

I am certain you are aware that your subordinates will tend to form behavior patterns similar to yours. Therefore, as managers, you must be extremely careful about the examples you set. Never expect your subordinates to do things that you are unwilling to do. Continually set examples of how you are willing to accomplish tasks that are generally not relegated to your position. This demonstrates a sense of responsibility and focus on just "getting the job done". Leading by example is a must for all MiMedx managers.

Many years ago I was a flight instructor. It was always a challenge to sit calmly with my arms folded across my chest while the students placed the aircraft in dangerous situations. It was most effective to calmly talk students through the situations so that they corrected their own mistakes. As a flight instructor, you only want to reach out and place your hands on the controls just prior to a disaster while discussing the situation at the same time. Then, you immediately fold your arms again, sit calmly back and review their subsequent actions. Believe me, this takes a lot of fortitude, but I think that

is a key to effective learning and subordinate development. We have to be willing to take risks with our subordinates as they are learning, while continually monitoring their progress. Now, you should remember and I will try to remember that “this ain’t easy”!

DELEGATION

Remember, delegation is one of the primary administrative components of management. One of the major myths of management is that delegation is a simple process. How many times have you had one of your subordinates say, “Well, I gave John the assignment”, but the task was not accomplished. In this case, the delegation process did not take place. What took place was an excellent example of the “abdication process”. In other words, abdication is delegation without the follow up process!

Any time delegation is accomplished, from the simplest to the most complex task, a follow up process must be initiated. The manager that delegates must have a casual and a formal means of following up to see that the delegated tasks are being carried out properly. If the follow up process is not present, then Murphy’s Law will prevail, and the project will be fraught with problems.

Since the delegation process must include a casual and formal means for the follow up process to take place, every manager is continually attempting to beat Murphy’s Law. We must be proactive and think of ways that the project or task can be mismanaged. Insight into these issues will not always be developed at the initiation of the project. Some of these insights only come after the project is under way. In either case, beating Murphy’s Law must be a continual process of checking and monitoring. Of course, this process is much easier if the project or task has had formal goals and checkpoints delineated before it begins.

Any project should have formal periodic reviews to check the intermediate goals. However, most projects and tasks develop problems between these formally scheduled goal reviews. A manager must also find casual ways to be certain that tasks and schedules are unfolding in a proper fashion. One excellent way is by being physically present in the process. In other words, “management by walking around”. Great insights are gained by the practice of being “where the action is” and being able to ask questions. You must be able to find mistakes or pending mistakes, but not always stop the process to correct the minor deficiencies. These mistakes provide you with a report card on your managers, their skills, and where they are in the learning process. You have to let some mistakes play out to see whether the manager has seen the same problem and made a correction by the time the intermediate review takes place. However, you have to be certain that major or debilitating mistakes are not occurring. If they are, then they need to be corrected immediately.

PLANNING

Without planning, the management process becomes chaotic. Therefore, planning needs to be done on a daily, weekly, monthly, annual, and long term basis. Even long term planning is a dynamic process, and it cannot be accomplished once a year and then put away or left on the shelf.

Effective managers will start the planning process with themselves. They learn how to plan their daily, weekly, monthly, quarterly, and annual activities. They set goals for themselves within each of these time periods. In most cases, these tasks and goals will be written down so that they can be referred to constantly in order to monitor progress.

After managers have plans documented, they must immediately begin the process to assure that each of their subordinates has a similar and consistent plan. All subordinates must develop plans that integrate and complement their manager's plans and the organization's plans.

Once managers have tied their organization together on this basis, then good managers will continually monitor these plans in order to reset priorities. Managers certainly have the prerogative to re-adjust priorities of their subordinates, even though continually changing plans should be avoided. Most people do not cope well when their plans are changed rather frequently. However, the managers must maintain the prerogative to be able to shift priorities because of the dynamic environment in which we operate. In fact, in our fast paced environment, priorities should change to take advantage of our numerous opportunities.

One word of caution regarding the planning process...some organizations become so embroiled in the planning process that they do not leave sufficient time to execute. Also, they can become so inflexible once plans are completed that other opportunities pass because they were not in the original plan! Plans should never make you so inflexible that you cannot quickly grasp new opportunities and adjust plans as necessary.

Be proactive in your planning process. Realize that Murphy's Law is always working against your effectiveness. Focus on areas where your subordinates will likely make mistakes. Periodically, check with your subordinates to be certain that those kinds of mistakes are not taking place. Think ahead on tasks and projects, and look for possible problems. Watch for subordinate managers who cannot seem to proactively deal with problems before they develop. This is a sure sign that they are incapable of full implementation of the planning and execution process.

PARTICIPATIVE MANAGEMENT

At MiMedx we are committed to our style of “participative management”. Basically, participative management is the exact opposite of the philosophy of “autocratic management”.

In an autocratic management system, communications only flow down the chain of command. In a participative management culture, communications flow up the chain of command as freely as they flow down. All systems and attitudes are geared to facilitating the process of involving all employees in the management process. All employees believe they are valuable contributors, and their ideas are welcomed.

In our participative management system, all individuals are respected and treated as the company's most valuable assets. The management structure, policies, and procedures allow subordinates to be heard and actions to quickly result from their input.

Of course, our participative management takes up very valuable management time. It is time consuming to involve subordinates in the management process. However, this process pays very big rewards. Obtaining your subordinates' input and suggestions ultimately helps them to buy into the task. This up front buy-off helps create quicker and more preferred results in the long run because a consensus is developed. Without a consensus, it is much more difficult to exert leadership and align your subordinates behind the task.

Very simply, our participative management embodies living and working with the Golden Rule. Remember: “Do unto others as you would have them do unto you”. Becoming managers at MiMedx does not mean that individuals receive a license to be served by their subordinates. In fact, the exact opposite is true. Managers have the opportunity and basic requirement to serve their subordinates!

Now, we must not confuse the principles of participative management with the principles of democracy. In a democracy, all the participants have one equal vote. That is not the case in an organization where our type of participative management is effectively utilized. Within each management unit, one person has the responsibility for results and the authority to develop plans and programs to achieve those results. That person should ask for and receive input from subordinates, develop a consensus, and then accept responsibility for decisions. The subordinates should know their input was considered in the decision. This does not mean, however, that every decision goes to a committee meeting, nor does it mean that every person has an equal vote. A good participative manager keeps a balance and knows when to obtain full subordinate input, partial subordinate input, and no subordinate input.

Another major difference between the participative and autocratic management style, particularly at MiMedx, is that it is absolutely all right to make a mistake. We are all human, and we are all involved in a dynamic and rapidly growing organization. As such, our skills are challenged, and we must all continue to develop and enhance those skills; therefore, mistakes will take place.

What we cannot afford is employees that continue to make similar mistakes after receiving quality counseling. Of course, if the same mistakes are recurring, managers must either change the duties of the subordinates, change subordinates' positions, or as a final resort, ask subordinates to find employment where their skills will be better applied.

One of the most debilitating problems an organization can face is concealed mistakes. If all employees in an organization realize that it is all right to make mistakes and learn from the mistakes, then mistakes will surface, and they can be properly managed and corrected before major damage occurs. The worst scenario develops when mistakes are hidden and not disclosed because employees are afraid of reprisals, or they are covering up for their own benefit without regard for the organization. These are the types of mistakes that generally result in major problems within an organization.

The most effective way to deal with mistakes or problems is for subordinates to discuss the mistakes or problems with their managers and ask for help. On that basis, MiMedx managers should be able to say that this is our problem and then work out solutions with their subordinates.

The worst problem happens when a person hides a mistake and is deceitful; then it generally becomes a catastrophe. On that basis, it is not a problem, but remains the individual's problem. Generally, that type of deceit is worthy of a termination. Remember, we all make "honest mistakes", but there is no such thing as an "honest cover up"!

In an organization where participative management is the culture, mistakes can be tolerated because the results of such mistakes are controlled. One should view the costs employed with these types of mistakes as strictly "tuition costs" for the learning process. However, a learning experience must be taking place in the process of correcting employee's mistakes and their subsequent counseling.

Another major difference in participative management versus autocratic management is that it is all right for a subordinate to "jump the chain of command" in certain instances in order to solve problems that have not been resolved. In an autocratic system, managers begin to believe that they are omnipotent, and they become incensed if subordinates take problems above them.

MANAGEMENT *MiMedx Style*

At MiMedx , our system provides a means for our employees to seek solutions to personal or company problems by going above their immediate management. The system requires that attempts first be made to resolve the issues between the subordinate and their immediate management. If problems cannot be resolved at that level, then the subordinates should take the problems above the managers after advising them that they plan to do so.

This particular approach is very beneficial to our organization. It protects against good employees or managers becoming frustrated with an inability to have personal or company problems solved. This type of frustration often leads to the employee or manager leaving our company. In many cases, our management team members are still learning their skills, or there are personality conflicts involved, or management might be misguided by acting in their own self interests. Whatever the case, it is in the best interests of MiMedx that problems be brought to higher levels so that they can be disclosed and resolved.

When this system is used, it can be very effective. However, the system must be managed so that when problems do arise, managers that have been “jumped” are confident that their particular interests and personal management development will be considered when their superiors begin to resolve the issues. If handled properly, this system can be a learning experience for both the managers and subordinates. However, if mismanaged, it can be very counterproductive.

An example of mismanagement occurs when senior managers react improperly to situations. Examples of this include a lack of interest in the problems, not reacting to the problems in a timely fashion, not counseling with the subordinate managers and their subordinates on the issues, or taking a punishment approach with them. When these conflicts arise, an opportunity develops to prove to both the managers and their subordinates that you have an interest in helping them resolve the problem so that both of them mature as individuals or managers at MiMedx . A pattern and solution can be set for future resolution of similar type problems so that they do not escalate to the point where they have to be brought to upper management and can be resolved at the lower management levels. Everyone benefits from such a process.

If those employees with problems have been given proper and timely counseling by their managers, then the managers should feel comfortable in letting the next level in the management chain review the problem. Certainly there is risk in this process, but, if the upper level managers possess the right skills, it is an opportunity to improve communication and understanding throughout their organization.

This system is an “organizational safety valve”. On numerous occasions, it has turned up problems that are occurring with people and systems within the company. This system is a very healthy process if used properly; however, like every other issue, it must be managed properly.

Our “Dear Pete Letters” are an example of the final system for being able to “jump the chain of command” at MiMedx . However, there are clear guidelines in our employee new hire packets, our policy manuals, and posted in our operations as to how these letters are to be utilized. These particular letters provide employees a final “safety valve” for being certain that they are being heard on personal or company problems. It also provides a method of “venting” which is often necessary when high frustrations develop. Further, it is a management tool that allows me to “feel the heartbeat” of the corporation, and as such, ascertain how we are doing in our growth and maturation process.

Now, there will be some who try to manipulate this system for their own benefit. Generally, they will have a vindictive motive. It becomes quite evident when this is the case, and I will deal with those situations appropriately.

One of the worst management offenses at MiMedx is for managers to tell subordinates that they are to never go above them to resolve problems. Unfortunately, this can happen occasionally in spite of everything we do to prevent such an occurrence. When these situations occur, it is a sure sign that those managers have no confidence in their own management skills and judgment.

There is a major difference between participative management and autocratic management RESULTS. An organization that utilizes participative management will be much more effective than an autocratic organization. Take some risk and try it...I know you will like it!

THE CORNERSTONE OF PARTICIPATIVE MANAGEMENT

The one quality that MiMedx managers must develop with their subordinates in order to effectively function in our participative management culture is TRUST.

Trust is the bonding agent that holds any personal relationship together. It does not matter whether this relationship is in a business environment, a family environment, or other organizational environment. The development of trust involves such managerial qualities as fairness, unselfishness, honesty, integrity, empathy, and humbleness. Trust must be earned; it will not develop by trying to “buy” subordinates with rewards. You can ask new subordinates to give you the “benefit of the doubt” until you have the time to develop their trust, but then set to work to earn it!

Trust must exist at all levels of the organization in order for participative management to thrive. All managers must continually work on the development of “trust” within their own organization. Managers must find ways to re-emphasize the fact that they are trustworthy individuals in front of their subordinates. Looking for ways to be open and honest will continually reinforce the fact that you are a “trustworthy” person. When you make a mistake, look forward to exposing that situation to your subordinates in an open fashion. That openness will create a degree of trust because you are being honest and human by admitting your mistakes. Remember, no one is perfect.

MANAGEMENT *MiMedx Style*

Also, realize that you cannot provide leadership without the TRUST of your subordinates! You can administer or you can dictate, but you will be unable to motivate or inspire if you have lost the TRUST of your subordinates.

There is one other personal trait that is very important when dealing with people and managing MiMedx style. It is basically that no one will respond to your management unless they know that you “care”. That is why you have to be empathetic with your subordinates’ problems and concerns. Yes, it does take time, and it can be exasperating sometimes. However, it is an absolute must, and, hopefully, you are the type of personality that does not have a problem being empathetic and sensitive to others. Hopefully, you do not have to work hard at proving to people that you care because, if you do, you will probably have management and credibility problems within the ranks of your subordinates. If that is the case, your leadership skills need improvement quickly.

GENERAL MANAGEMENT

I would like to cover some issues related to “general management”. Basically, I define general management as the overall set of management activities which ultimately includes the responsibility and accountability for profit and loss with a given business unit. Within a general management position, the responsibility for some of the most complex management tasks exist. Managing any enterprise, regardless of size, where a profit must be produced is the most difficult overall management job.

The total spectrum of management skills comes into play when one must provide day to day management in order to produce specific profitability. The talents required to accomplish these tasks are many and varied. Therefore, it is imperative that we properly select the right individuals for these positions and train them to the best of our abilities.

We must also convey to all of our employees that general management is only one career path at MiMedx. Staff positions or functional management positions are all very important and rewarding positions. General management is not for everyone! Therefore, always emphasize to your subordinates the importance of our multi option career paths.

I would like to give you my thoughts on “general management”. These include some of the qualities and talents that we must require from our general managers and some of the particular behaviors that these qualities engender.

I feel that all MiMedx general managers should view themselves as “owners”. They have the ultimate responsibility and authority to manage their individual organization to achieve specific goals, objectives, and profitability. As such, general managers conduct their activities in the same way that owners of businesses function. Of course, owners will have their capital and their future well-being at risk. Hopefully, MiMedx can provide our general managers with some insulation from that risk. However, our shareholders should fully expect our general managers to act with the same qualities and commitments of an independent business owner. Because our corporation provides much of the insulation from risks through the use of our resources, systems, and other management talent, the personal risks for MiMedx general managers are reduced. I am continually trying to seek ways to allow people to have entrepreneurial opportunities with rewards commensurate with the reduced personal risk that positions at MiMedx offer.

Some of the qualities found in most owners of successful, small businesses would be that these individuals are:

- knowledgeable
- tenacious
- empathetic
- focused
- responsible
- proactive
- inspirational
- synthesizers

MANAGEMENT *MiMedx Style*

I would like to provide you with some thoughts about each of these qualities so that you can apply them to yourselves, your subordinates, and your future subordinates.

It goes without saying that one has to have a certain amount of KNOWLEDGE about a subject in order to be able to manage issues related to that subject. However, I have found that there is a major disparity in what many of our general managers think they need to know about their area of responsibility. It is my belief that MiMedx general managers have to be knowledgeable about their organization's technical and clinical activities, the overall industry trends, the competitors' activities, and their subordinates' day to day activities. Excellent general managers will take the time to ask subordinates for education in the technical or clinical areas over which they have responsibility. This is certainly not a sign of weakness, but it is a sign that you have interest in those activities and wish to be professionally competent when discussing them. Also, the general industry trends must be continually monitored in order to be able to modify business approaches. Equally important is specific knowledge about competition. You must know what is going on in a competitive nature in your area of responsibility in order to change tactics and strategies to meet those competitive thrusts. Those general managers who develop a broad knowledge about their areas of responsibility will not have surprises!

One very important area of KNOWLEDGE relates to a general manager's subordinates. It is imperative that the general managers have a feel for the personal attitudes and ambitions of their subordinates. While this is difficult, personal contact with subordinates will provide some feeling as to their attitudes about their current position and their aspirations for other opportunities and advancement. One of the most debilitating things that the organization can face is excessive turnover. When any element of an organization has a significant turnover rate, there are problems. Also, turnover seems to beget turnover. General managers should not be surprised when an employee leaves their organization. Generally, there are warning signs, and, if frequent personal contact is made, then issues can be highlighted and problems solved so that our employees do not leave our organization. So, stay very involved with your employees and seek out signs that indicate that an employee is a candidate to be enticed away from our team.

I think we all realize that the general management function is difficult, and one must have a certain drive and determination to succeed. Therefore, general managers must be TENACIOUS. This basically means that they are persistent and have the physical and mental stamina to cope with the difficulties of the general management process. In addition, they must have the leadership skills to keep their subordinates aligned and satisfied with their jobs.

When individuals achieve a general management position, they must begin to balance a number of varied responsibilities. As individuals progress through functional management, they generally learn to be EMPATHETIC with the needs of their subordinates. They become strong advocates for their organization and their subordinates. Once a general management position is achieved, they must begin to balance the needs of their subordinates and their organization versus the needs of their parent

organization. In general management, it is no longer possible to strictly cater to the personal needs of your subordinates and your local organization. This must be balanced with the overall organizational needs. This is critical to success in a general management role. Also, general managers must become empathetic to the needs of others within the organization. For instance, the corporate staff organizations at MiMedx are very talented individuals who seldom receive sufficient “thank yous” from the line organizations. These individuals are performing services for the line organizations every single day, and it is very appropriate for our general managers to properly convey their gratitude and support for these staffs.

I continually facilitate disagreements and issues that develop between the field organization and the corporate staff of our divisions. There is something basic in our human nature that causes a sense of disrespect between a field organization and the “head shed” and the “head shed” and a field organization. This is not a MiMedx only problem; it occurs in the majority of organizations. Generally, this is caused by the fact that few of the personnel from these two diverse groups have ever spent time in the opposite organization. In other words, “they have never walked a mile in the other person’s shoes”. I have found that it is extremely helpful to place different functional groups within an organization together in meetings and other problem solving situations. As the individuals from the different groups (i.e., clinical and sales) share problems, then many barriers will fall and alignments will occur that produce better teamwork. As our employees begin to share their mutual concerns, they will appreciate the fact that they are all on the same team and should be working towards a common goal. Also, it is helpful to see that corporate personnel spend more time in the field and field personnel have an opportunity to see the hectic schedule that is kept by most corporate personnel.

General managers must have the self discipline to remain intensely FOCUSED on their goals, objectives, and tasks. They must be able to set priorities for themselves as well as their subordinates, and then have their whole team follow through on those priorities. They must remain intimately involved so that priorities are not allowed to change within their organization without their knowledge. This will require follow up, follow up, and more follow up!

General managers must be RESPONSIBLE individuals. They must have sufficient self confidence and accept responsibility for their actions and the actions of their subordinates. They will not make excuses for failures or try to deflect responsibility, but will own up to mistakes and try to correct the problem. They should be just as willing to accept responsibility for their organization’s failures as they are to accept credit for its successes.

General managers must be PROACTIVE. They must take control of their areas of responsibility and make things happen. They need to be hands on and decisive. They have to lead rather than be manipulated by their responsibilities. They must influence those “things” over which they have control and limit the damage when “things” happen that are beyond their control. This does not mean that their behavior is impetuous, because in many cases they have to be patient relative to the various situations that

MANAGEMENT *MiMedx Style*

affect their organization's performance. However, they absolutely cannot be unresponsive to the many variables that exist. They must be able to foresee problems and take corrective action before they become overwhelmed. They must continually challenge the way things are being accomplished and approached within their areas of responsibility. In this manner, better and more effective means of accomplishing their goals will continually develop.

General managers must be INSPIRATIONAL to their subordinates. This requires them to communicate frequently and to keep communications open. Their organization should understand their goals, objectives and mission, and the tactics and strategies that work toward achieving those objectives. Frequent personal contact is absolutely necessary to inspire your subordinates.

One final quality that is very helpful to general managers is their ability to SYNTHESIZE. In other words, they have the ability to view a number of unrelated situations, variables, or people and develop added value by assemblage of those unrelated entities. This is the way new plans, new programs, new strategies and new businesses develop.

OPERATING PRINCIPLES BY BILL TAYLOR, PRESIDENT & COO

There are several members of the MiMedx team that have worked with Pete for a dozen years or more in the various companies he has created and led. Being able to thrive in those organizations for so many years means that a person either innately shares the management philosophy and tenets in this book, or he or she very quickly embraces the concepts and uses them daily. A few years ago, one of our teams summarized many of the elements you just read about into four Core Values, and eight related daily Operating Principles. We consider these the “Cliff’s Notes” version of this Management Book.

The Core Values really represent key elements of the culture that we foster in our organization. They are:

- *Integrity*
- *Respect*
- *Innovation*
- *Teamwork*

INTEGRITY essentially has two meanings. First is the adherence to moral and ethical principles and being honest. Every action and decision we make as an organization must be made with Integrity. This is a cornerstone of our culture, and is essential to our way of being. The second meaning of Integrity is the state of being whole, complete, relative to our organization. It means don’t leave things open or undone; finish them, complete your tasks.

RESPECT is also a cornerstone of our culture – treat everyone with respect every day, all the time. This does not mean that you should avoid difficult conversations or subjects – it means treat people with respect, which includes being open and honest with them, in a tactful way. Remember – respect the individual in every one of your interactions, every day.

INNOVATION is critical in any organization that wants to grow and progress. We always need to look for ways to do things better. This does not mean to innovate with no purpose; rather it means to generate new ideas that move the Company forward. Innovation for Innovation’s sake does not have a place in a commercial business – we leave that to other institutions. Continuous improvement is critical, and you must innovate in order to continuously improve.

MANAGEMENT MiMedx Style

TEAMWORK is another key to our success – it defines how well we work together and how we can be successful in the marketplace. It is also reflective of communication up and down the management team. This core value is also very intertwined among the other 3 – It is pretty difficult to have good teamwork if you don't treat one another with respect, or one lacks Integrity.

Those four Core Values provide the umbrella under which we all work, and are the pillars that define our company culture. We have daily tenets or operating principles that support these core values. I'm sure there are more, but the eight below are some of the most common and powerful.

- *Do the right thing*
- *Say what you do, do what you say*
- *Lead by example*
- *No surprises*
- *Trust but verify*
- *Get better every day*
- *Turn complaints into actions*
- *Say what is on your mind*

These are pretty simple – but powerful if you really embrace them and use them – use them as a common language to help improve communication among our team members.

Do the right thing relates to both definitions of integrity. In all we do –we take the high ground, always. Also, we don't take the easy way out, we stay in bounds. If you feel someone is out of bounds or are concerned in any way that someone is not doing the right thing, then it is your responsibility to elevate to management as is described here in the book.

Say what you do, do what you say also relates to the second definition of integrity, the completeness or being whole. This is a very simple daily operating principle, but is amazing how many people do not fully embrace it. Those who do are the people who continue to progress up through the organization or are otherwise the most successful people in the organization.

Lead by example it is important that no matter what your role, you show leadership by setting an example for others. You cannot expect others to do something that you are unwilling or otherwise do not do, nor can you really hold anyone accountable for things you don't do yourself.

No surprises If you have a lot of surprises, then you are not managing your responsibilities well. This doesn't mean that bad things do not happen, but we must all communicate! When there is an

issue or problem and you hide it, it is your problem. However, when you raise it up, it becomes our problem!

Trust but verify This relates to the earlier discussion on Delegate, don't Abdicate. Trust people to do their jobs and create verification methods to complete a feedback loop. Without verification, it leaves things to chance and allows Murphy to come in and wreak havoc. Understand, this is NOT micromanagement, but rather an essential element of being an effective manager. If you don't create reasonable verification methods, then you will be surprised, and we all know that is not good!

Get better every day by learning from others and challenging yourself. This relates to continuous improvement and innovation. Demand this of yourself, demand it of your colleagues, demand it of the management team, demand it from everyone in the organization. If you don't, you are running in place. All that does is make you tired but you don't move forward. Mistakes are OK. They are going to happen. This organization is fast-paced and we are going to have more mistakes than a moderate or slow growth company. Admit mistakes, fix them, and then move on. Don't live with them to "save face". Don't dwell on them, don't hang your head. Just fix them and move on.

Turn complaints into actions This is critical in any organization, and more so in a high performance organization, particularly one growing as fast as we are. Complaining hurts morale, sucks energy from the organization and it is non-productive. It does not endear you to other people. Making a proposal to address or fix something, however, does endear you to people and it shows leadership and most importantly, it inserts positive energy into the organization.

Say what's on your mind Our culture relies on open communication. We do not have a hierarchical organization. We have an OPEN policy. This means that again, no surprises to management. Don't funnel information or allow it to be filtered. "I didn't want to bother you" is not acceptable. Management is paid to be bothered. We are moving too fast and we will get bogged down if we allow communication to be filtered.

Also, it's healthy to have genuine disagreements. You need to talk those out. If you disagree with your boss, it's ok to raise the issue up the management chain if you feel strongly enough. Do it the right way; don't go around your supervisor's back. Then, just remember that once the decision is made, everyone needs to get behind it, even if it was not the position you were championing. Also, remember as a member of the management team, it is your **obligation** to listen and to take input from all sources.

MANAGEMENT *MiMedx Style*

Finally, all of these principles have an underlying Sense of Urgency; what we have named at MiMedx, the “Speed of Pete! SOP!” Remember though that the Speed of Pete means Fast, but under control. Going extremely fast but with recklessness is NOT the “Speed of Pete”. Maintaining order and reasonable control is essential, but don’t WAIT! In our organization, WAIT is a 4-letter word! We let our competitors WAIT!

I hope this “Cliff’s Notes” version is helpful to you and your team. These Core Values and Operating Principles are not unique, but in this organization they are very real, and are central to our repeated success year over year. If you embrace them and exemplify them day in and day out, you will make a huge difference!

Thank you for all you do!

A handwritten signature in black ink, appearing to read "Bill Taylor". The signature is fluid and cursive, with the first name "Bill" being more prominent than the last name "Taylor".

Bill Taylor
President & Chief Operating Officer – MiMedx
Former CEO & President of Facet Technologies, a Matria Company

BILL OF RIGHTS AND RESPONSIBILITIES

In this section, we are presenting a Bill of Rights and Responsibilities for our employees and management. We consider these truths to be the foundation for the management of our most important asset, our employees.

You are to use these as guidelines for your behavior and as a means for judging the behavior of your peers and superiors. Do not hesitate to point out to your fellow employees or your management any issues that arise where you feel these truths are not being followed. You should certainly feel free to give this type of constructive criticism down as well as up your chain of command.

MANAGEMENT MiMedx Style

It is the belief of MiMedx that our EMPLOYEES are assured the following inalienable RIGHTS:

- *to be informed of their job responsibilities and expectations, including a clear explanation of their authority and accountability;*
- *to receive a job and Company orientation and ongoing training relative to their responsibilities and the Company's philosophy and goals;*
- *to receive performance evaluations at regular intervals with the ability to respond;*
- *to make mistakes, be counseled regarding their mistakes, and learn from those mistakes without retribution as long as their performance improves;*
- *to have opportunities for advancement based on their performance and ability, including the right to accept or refuse any offered position, without retribution;*
- *to receive compensation and rewards based on their experience, ability, performance, and market conditions;*
- *to the availability and the use of an organized system of communication that reaches the Chairman and CEO when necessary and offers a mechanism for both criticism and suggestions;*
- *to have a safe and clean work environment; and*
- *to be treated with respect and dignity by the Company, management, and their fellow employees.*

It is the belief of MiMedx that our EMPLOYEES must assume the following inalienable RESPONSIBILITIES:

- *to understand, appreciate, and strive to achieve MiMedx 's goals and objectives by continually ensuring customer satisfaction and reinforcing these goals and objectives with other employees;*
- *to recognize our people as our most important asset and to constantly strive for personal and professional development; to maintain a healthy physical and mental condition; to maintain high ethical and moral standards;*
- *to treat others the way they would like to be treated by being responsive, empathic, and courteous to customers and fellow employees;*
- *to quickly share mistakes and problems with management so they can be resolved without causing MiMedx or themselves further complications;*
- *to constantly work to improve communications by being informed on the Company's "Communication Policy" and accepting personal responsibility for disclosing individual and corporate problems through the system;*
- *to improve the work environment with suggestions and team work by being cooperative, maintaining a positive attitude, taking the initiative, and making recommendations for improvement;*
- *to appropriately utilize MiMedx 's assets and resources while minimizing waste;*
- *to perform within the guidelines of the Company policies and procedures; and*
- *to accept the moral and legal obligations for the confidentiality of MiMedx's proprietary information.*

MANAGEMENT MiMedx Style

It is the belief of MiMedx that our MANAGERS are assured the following inalienable RIGHTS:

- *to manage their subordinates by taking appropriate actions through performance appraisals, acknowledgment, praise, instruction, direction, counsel and disciplinary measures;*
- *to be informed of their job responsibilities and expectations, including a clear understanding of their authority and accountability; to take risks based upon their best judgment, make decisions and have the opportunity to correct and learn from their mistakes so as to achieve the Company' goals and objectives;*
- *to take prudent risks within their management authority because risk is required if MiMedx is to pursue rewarding business opportunities;*
- *to be provided with the appropriate resources, work environment, and authority required for the successful completion of their responsibilities and the Company's mission;*
- *to receive compensation and rewards as recognition commensurate with their experience, responsibility, accountability, ability, market conditions, and performance of their management job function responsibilities;*
- *to have opportunity for career growth within the organization through assignments and promotional advancements based on job performance, ability, and job openings; and*
- *to be treated with respect and dignity by the Company, management, and their fellow employees.*

It is the belief of MiMedx that our MANAGERS must assume the following inalienable RESPONSIBILITIES:

- *to treat all employees with respect and dignity and provide them with a communications system that encourages open, timely, and informative dialogue;*
- *to treat each customer with respect and dignity and engender an attitude with subordinates that acquiring and retaining our customers is their most important responsibility;*
- *to exemplify participative management principles by drawing all subordinates into the decision making process by requesting and respecting their views; to counsel subordinates when they make mistakes in such a way they realize that they are allowed to learn from their mistakes without fear of reprisal;*
- *to meet regularly with all subordinates individually or in groups;*
- *to support employee development through the provision of resources and provide employees with opportunities for personal and professional growth;*
- *to provide employees with impartial, empathic and exemplary leadership and objective and ongoing performance appraisals;*
- *to assure the Company a fair and honest profit by managing the development of high quality, innovative and cost effective products and services;*
- *to ensure that all employees are aware of and adhere to the rights of our patients;*
- *to include the customer in the review of the quality of the Company's products and services;*
- *to support the decisions, efforts, and policies of the Company;*
- *to attract, develop, and retain individuals able to represent the Company's standards of excellence and integrity;*
- *to maintain their own management and professional growth; and*
- *to inspire and engender enthusiasm within all subordinates.*

MANAGEMENT TENETS

In this section, we have included a simplified statement of our “Management Tenets”. These are very simple guidelines that can be used on a daily basis to maintain good interpersonal relations and teamwork within your department and division. You should personally work diligently toward implementing these guidelines, and you should certainly encourage your fellow employees to do the same.

We would like to see our “Management Tenets” framed and placed in a prominent position within all of our operations. If there is not one at your operation, contact our corporate Human Resources department.



MANAGEMENT TENETS

The Six Most Important Words:

“I ADMIT I MADE A MISTAKE.”

The Five Most Important Words:

“YOU DID A GOOD JOB.”

The Four Most Important Words:

“WHAT IS YOUR OPINION?”

The Three Most Important Words:

“IF YOU PLEASE.”

The Two Most Important Words:

“THANK YOU.”

The One Most Important Word:

“WE.”

The Least Important Word:

“I.”

LETTER TO THE CHAIRMAN PROGRAM

In this section we have included information on our “Letter to the Chairman” program or what is sometimes called “Dear Pete” letters. We have always had an open door policy at MiMedx, and this is a program that assists with the implementation of that policy.

We believe that an employee must have the ability to “jump the chain of command” to disclose personal or corporate problems when other means of problem solving have failed. In other words, employees are to use their division’s problem solving system and communication with management until it is evident that the problems are not being solved. Then, employees are free to utilize a letter to the CEO and Chairman of the Board. I will personally take the time to resolve the problem and conflicts.

Remember, it is all right to make a mistake at MiMedx . It is not all right to hide mistakes or problems. This program is designed so that mistakes are freely admitted and discovered, and they can be quickly resolved.

Generally, if management is satisfied that you have devoted time to their employees, or to their problem, or the corporate problem, then managers should not be concerned relative to employees using this form of communication. However, sometimes management is uneasy about this process, and this occurs in spite of the successes of this program. Remember, as management, you are also learning your job so you cannot always expect perfection.

Frequently, employees voice concerns about utilizing our “Letter to the Chairman” program. They are afraid of repercussions from their management. First, the system works very well if each and every employee will “trust” the system. As a corporation, we cannot guarantee that management will always “like” the fact that employees have to resort to this system. However, if you have devoted your time to solving the problem, and it is still not resolved, then you should be comfortable with your employees using this program. Remember, if an employee is ever told by a MiMedx manager, “Do not ever use the Letter to the Chairman program or go above my head or you will be in trouble”, then that should certainly be the subject of a “Letter from the Chairman” immediately from the employee.

The attached letter and form that are used in our “Letter from the Chairman” program are included in all new hire packets and must be framed and placed in a prominent position within all our operations. If you find that these forms are not available, contact the corporate Human Resources department.



Dear MiMedx Employee:

Most of you have personally heard me discuss MiMedx 's management philosophies. We use the term "participative management" to describe our philosophy, and I want to discuss with you a procedure that is in effect to assist all of us.

"Participative management" basically means that every MiMedx employee is involved in the management of the company and that your input and concerns are valued and appreciated and they will be given the proper attention by management.

One of the keys to our management philosophy is creating a "trust" within the organization so that everyone feels comfortable in disclosing "our" problems and being assured that problems will be handled properly. We expect you to utilize the chain of command relative to solving problems. When these processes prove unsuccessful, then I want to make a final process available to you, which I hope will result in your satisfaction relative to "our" problem.

This is a process whereby you can express your ideas and concerns directly to me. We have available in all our subsidiaries and for all employees of the corporation a "Letter to the CEO". A copy of this letter is posted on all bulletin boards and a supply of letters is available to all employees at each work location. This letter has space available for delineating problems or suggestions. You can place your name on the letter if you so desire, or you can omit your name. Either way, it is important to include the subsidiary or division name and department/section information on the letter so that we are able to focus on addressing the issues involved and the particular involved. These letters are **confidential**, and they are opened only by me. I will take the time to understand the problem and be sure that your management responds in the proper fashion.

A "Letter to the CEO" may also be utilized as a means to alert the Company of any actual or potential violation on the part of any employee with respect to business ethics, conflicts of interest, internal controls or compliance with applicable laws and regulations.

No employee will be reprimanded or harassed in any way for using this system. If any member of our management team attempts to do so, that should be the subject of another confidential letter! We have always believed in the "open door" policy at MiMedx , and this is my way of extending and ensuring that this policy remains in effect.

I look forward to you joining with me in this commitment to better management for MiMedx .

Sincerely yours,

A handwritten signature in black ink, appearing to read "P. Petit", with a stylized flourish at the end.

Parker H. Petit
Chairman/CEO



EXHIBIT A-2

Short-Seller Marc Cohodes Goes Too Far in MiMedx Campaign

Bloomberg News Enterprise
Published: Aug 20 2019 17:34:42

News Story

By [Joe Nocera](#)

(Bloomberg Opinion) --

This is the first of two columns about MiMedx and the short-sellers. [Read the second here.](#)

The first line in Marc Cohodes's [Twitter ID](#) reads: "No Greater Motivator Than Disrespect."

It's a sentiment you often hear from athletes, but rarely from an investment professional like Cohodes. And with good reason. Although being "disrespected" can be a powerful spur, it also creates blind spots that can lead one astray. You won't find a better example of this than Cohodes's efforts over the last year to destroy — yes, destroy — MiMedx Group Inc., a biomedical company that makes products that heal wounds and treat serious inflammation.

Cohodes is a short-seller; he has spent the bulk of his career exposing companies that were committing fraud and then profiting when their stock drops. From 1985 to 2006, he partnered with another prominent short, David Rocker. Together, they uncovered wrongdoing at companies like AremisSoft Corp. and Consec Inc. When Rocker left the firm in 2006, Cohodes took over and renamed it Copper River Management LLC.

When Lehman Brothers collapsed in 2008, [Copper River was crushed](#).¹ Cohodes closed up shop and retreated to a chicken ranch he owns in California.

But he continued to bet against companies using his own money. One of his biggest winners in recent years was Valeant Pharmaceuticals International Inc., which he sniffed out well before the company's stock collapsed in the fall of 2015.

Cohodes first focused on MiMedx in October 2017, shortly before he was scheduled to speak at the short-seller's mecca: the semi-annual investment conference sponsored by Grant's Interest Rate Observer. A month earlier, [Fortune magazine had ranked MiMedx](#) No. 5 on its list of fastest growing public companies, with revenue increasing at an annual rate of 58%, and earnings per share up an average of 88% a year during the previous three years.

But Cohodes had recently come to believe that some of those numbers were fraudulent. [At the Grant's conference](#), he read aloud from a letter he had obtained from a MiMedx whistle-blower. Sent to the company's chief executive, Parker Petit, the letter decried the company's "complete lack of integrity." In his talk, Cohodes

strongly suggested that MiMedx was “channel stuffing” — that is, shipping more products than its customers could use, and then booking revenue that didn’t yet exist.

There was something else about MiMedx that bothered Cohodes: The company, he said, was trying to silence its critics. It had sued three bloggers who were posting negative information. And Petit had accused the shorts of [acting as a “wolf pack” to bring MiMedx down](#). As part of Petit’s attack on short-sellers, Cohodes said, MiMedx “had the very bad idea to put on their website things about me — that I was part of the Cali cartel, I launder money, I evade taxes.”

In truth, MiMedx had suggested no such thing. Petit had posted a link to a long, unsigned article denouncing an illegal practice called “naked short-selling,”² which had been a hot subject among financial conspiracy-mongers maybe 15 years ago. The article mentioned both the Cali cartel and Cohodes in passing. But it did not link the two, as Cohodes was now claiming.

Still, Cohodes made it clear that he was offended by MiMedx’s actions against all the shorts, not just himself. “Quit intimidating the shorts, the critics, the free speakers,” he seethed. “It has to stop.”

Cohodes would later tell an interviewer that Petit had showed him “the ultimate disrespect by defaming me.” He took a big short position in the stock and soon became the company’s most vocal critic.

Cohodes’s allegations went well beyond channel stuffing; they also included bribing doctors and engaging in Medicare fraud. He set up a website, which he named “[Petite-3 Parker the Barker](#),” where he posted negative information about the company. Cohodes attended a health-care conference where he interrupted Petit’s presentation to accuse the company of wrongdoing. A journalist from the website Stat [recorded the confrontation](#).

And then there were Cohodes’s tweets, which were both nasty and personal. Here’s [one example](#) (there are many others):

<https://twitter.com/AlderLaneeggs/status/923925279847751680>

In mid-October 2017, he [tweeted this](#):

<https://twitter.com/AlderLaneeggs/status/919284754339446785>

And then, a few weeks later, [this](#):

<https://twitter.com/AlderLaneeggs/status/925733035181596672>

Petit would later tell me that he felt threatened by the latter two tweets. “I didn’t know what he was capable of,” Petit said. So the MiMedx CEO reached out to the Federal Bureau of Investigation.⁴ And whaddya know: On Dec. 1, two agents showed up at Cohodes’s ranch. One of them took the lead in dressing down the short-seller. [Here’s how Bloomberg News](#) described the scene:

The agent said he wouldn’t leave until Cohodes promised not to post further threatening tweets about Petit. The agent said there would be consequences if they had to return. ... He asked Cohodes several times: “Do you understand?”

Cohodes, who insists that his tweets were not threatening, was enraged by the FBI visit. From where he sat, the intervention of the FBI was a new low in short-seller intimidation — and disrespect. And Cohodes was going to prove to Petit — and everyone else — that it wouldn't work. As he put it to me in a recent email, "I refuse to be cowed by bullies."

Fast forward to June 2018. Just seven months after Cohodes jumped into the MiMedx fray, Petit was gone. So was Bill Taylor, the company president. The allegations hurled at the company by Cohodes and his allies, most of whom were also short the stock, had spurred the MiMedx audit committee to bring in an outside law firm to conduct an investigation. The company concluded, well, here's how the board put it in a news release:

Petit and Taylor ... emphasized short-term business goals over compliance and ethics, purposely took action to disregard revenue recognition rules under GAAP and manipulate the timing and recognition of revenue.

The board also announced that because of the financial improprieties, it would have to restate earnings going back to 2012, that its stock would be delisted from the Nasdaq exchange, and that both the Securities and Exchange Commission and the Justice Department were conducting investigations. (Petit and Taylor have denied wrongdoing; the government investigations appear to be continuing.)

At first glance, this appeared to be a huge victory for the shorts. Although the audit committee never used the phrase "channel stuffing," its wording strongly implied that's what had taken place. An \$18 stock when 2018 began, MiMedx dropped to \$1.15 by year's end; any short-seller who rode it all the way down made a fortune.⁵ In early December, MiMedx's accountants at Ernst & Young LLP resigned from the account — months after agreeing to audit the company's books. That's never a good sign.

But if you looked a little closer, it wasn't quite the slam dunk it seemed. The internal investigation came up with no proof that MiMedx officials had bribed doctors, as Cohodes had alleged. Nor was there any evidence of Medicare fraud. Cohodes had claimed that MiMedx was "[in a death spiral](#)." It wasn't. As for the resignation of Ernst & Young, the firm had abandoned the assignment after Cohodes and another short-seller, a firm called Aurelius Value, had sent the auditors letters containing dozens of allegations of financial fraud. The company believes the auditors were scared off by the letters. (E&Y declined to comment.)

Today, MiMedx has a new chief executive with extensive biotech experience. It has a reconstituted board. The company hopes to complete its restatement by mid-December, at which point it will be able to rejoin the Nasdaq.

Yet, Cohodes and his allies, rather than declare victory, have doubled down. The accusations they are making today are, if anything, more extreme than the claims they made when Petit was in charge. They appear to be hellbent on destabilizing the company. "I will take these guys down if it is the last thing I do," Cohodes declared in an interview earlier this year.

In that same interview, he listed "12 distinct categories of egregious wrongdoing." They included: Medicare fraud, endangering patient safety, evidence destruction, extortion, rape and sexual harassment, influence peddling, securities fraud and bribery. He routinely describes MiMedx as "a criminal enterprise."

None of this appears to be true. [That's my next column](#).

(Corrects year David Rocker left his partnership with Marc Cohodes in third paragraph of article published Aug. 19. Removes description in fourth paragraph of the circumstances surrounding the closure of Copper

River.)

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1. Cohodes would later testify in a lawsuit that Goldman Sachs bore some responsibility for Copper River's failure because it mishandled the firm's trades during the 2008 financial crisis. Goldman has denied the allegation.
2. Proponents believed that naked short-selling was at the heart of Wall Street's version of the deep state. The chief proselytizer was Patrick Byrne, the CEO of Overstock.com.
3. Cohodes always spells Petit's last name with an extra "e"; petite, of course, is "little" in French. He says it is because Petit is "a small man of stature, soul and mind."
4. [According to Bloomberg News](#), Petit also reached out to Senator Johnny Isakson, a Georgia Republican. Isakson, too, informed the FBI.
5. Cohodes acknowledges that he got out well before MiMedx hit its low.

EXHIBIT A-3

MiMedx Has Changed, But Short Sellers Like Cohodes Can't See It

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News Story

By [Joe Nocera](#)

(Bloomberg Opinion) --

This is the second of two columns about MiMedx and the short-sellers. [Read the first here.](#)

Most of the time, Eiad Asbahi, the 40-year-old founder of Prescience Point Capital Management, is a short-seller.

According to its website, the firm, based in Baton Rouge, Louisiana, specializes “in extensive investigations of difficult-to-analyze public companies in order to uncover significant elements of the business that have been overlooked or ignored by others.” Such investigations usually lead to the discovery of problems that will cause the stock to fall once they become known.

“But every now and then,” Asbahi says, “we find a company that is incredibly hated and where the shorts have it wrong.” SeaWorld Entertainment Inc., which has been hammered for [its treatment of its whales and dolphins](#), was one such company. Two years ago, Asbahi bought the stock, believing that “the mispricing was extreme.” He was right. Since it bottomed out in November 2017, SeaWorld’s shares have more than tripled.

On Jan. 8 of this year, [Prescience Point released a report](#) about its latest big investment idea: MiMedx Group Inc., a company that was under siege by Marc Cohodes and a handful of other short-sellers. After six months of research, Asbahi concluded that the thesis developed by the shorts — which had helped push the stock from \$18 to \$1.15 — was wrong.

Contrary to what Cohodes et al were claiming, Prescience Point’s research suggested that MiMedx products were “legitimate and sustainable”; that it had positive cash flow; and that, while “channel stuffing” to improperly boost revenue at the end of the quarter had taken place, the company’s critics had “failed to produce any smoking guns to support their claims of massive fraud.”

“In our view MDXG is one of the largest mispricings we have ever identified,” the report concluded. At the time it was issued, MiMedx stock was at \$2.16. Prescience Point predicted that it would quadruple.

When I spoke to Asbahi a few weeks ago — by which time the stock had topped \$5 — he went further in his criticism of Cohodes and the other short-sellers. In his view, MiMedx’s stock had tanked in 2018 as much because of what the shorts had gotten wrong as what they had gotten right.

“What we found,” Asbahi said, “is that they had some credible channel stuffing allegations” — and then they made a series of additional, less credible accusations. There was never any bribery or Medicare fraud, Asbahi said. And MiMedx’s products, often maligned by the shorts, were considered “best in class” by many doctors. “It is not a short activist campaign they’re running,” Asbahi concluded. “It is a smear campaign.”

Cohodes’s initial allegations were serious enough that the MiMedx board hired a law firm to investigate. That investigation led to the discovery of the channel stuffing and the dismissal of several top MiMedx executives, including chief executive Parker Petit. [But as I noted Monday](#), even after Petit and the others resigned, Cohodes kept MiMedx in his crosshairs, vowing to take down the company “if it’s the last thing I do.” Once Asbahi released his MiMedx report, Cohodes added Prescience Point to his list of targets.

Within days of the report’s release, Cohodes was tweeting that it was “[false & misleading](#)” and that Prescience Point “[will be ruined](#).” He has kept up a steady drumbeat of criticism ever since. Just a few weeks ago, he called Prescience Point a “[pump-and-dump operation](#),” a charge he’s made several times before.

This last allegation is ludicrous. Prescience Point is MiMedx’s largest shareholder, with 7.7% of the stock. In May, it launched a proxy fight that led to the company agreeing to add six new board members. Three of them were Prescience Point’s nominees.

When I asked Cohodes what proof he had to back up the pump-and-dump charge, he replied (via email) that it was his understanding that Prescience Point had purchased the stock at between \$6 and \$10 a share — and was now “obviously attempting to generate positive interest to make back its investment.” He also said that Prescience Point had sold MiMedx stock after publishing “glowing information about the company.”

In truth, Prescience Point bought the stock at an average price of about \$2.60 a share, a fact that can be easily found [in government disclosure documents](#). Although the firm sold some stock, it did so only to avoid triggering the company’s poison pill. Once the proxy fight ended — and the poison pill was a nonissue — Prescience Point bought more stock. “We set up a single-idea fund to invest in MiMedx with a two-year lockup,” Asbahi told me. “Does that sounds like a pump-and-dump scheme?”

Today, MiMedx is a very different company from when Petit was running it. Of Petit’s 16 top executives, 13 are gone. Its new chief executive, [Timothy Wright](#), has been a top level executive at a number of biotech and pharmaceutical companies, including Teva Pharmaceutical Industries Ltd, the big generics manufacturer.

Among the new directors is Richard Barry, a respected health-care investor. He is so bullish about MiMedx’s prospects that he bought 3% the stock.

All of this information is readily available. Yet Cohodes and his allies refuse to acknowledge that MiMedx has changed. Instead they are making the same allegations they’ve been making all along — except louder and more insistently.

Why?

Cohodes gave me two reasons. The first, he said, was that the company was still engaged in “criminal activity.” “Doctors have been bribed by MiMedx. And all the perps who carried out the fraud are still there doing it,” he told me.

The second reason, he said, was that MiMedx’s products are deeply flawed. “This is a public health deal. This

stuff is so bad, and they are taking advantage of veterans. I have to speak out.”

Let’s examine the bribery issue first. One doctor the shorts have targeted — including online — is Brandon Hawkins, a podiatrist in Bakersfield, California. He is a major buyer of MiMedx’s primary product, a wound graft made from placental tissue called EpiFix. Indeed, Hawkins told me he is probably the fourth or fifth biggest user of EpiFix in California. He has been paid by MiMedx to give occasional lectures, a common practice in medicine, which he discloses. His brother-in-law is a MiMedx salesman. And he lives quite well, something one can glean from the family’s Facebook page.

The MiMedx critics have linked these facts to claim that Hawkins is on the take. But Hawkins says he uses EpiFix for a perfectly sensible reason: It works better than competing wound grafts. “Wounds that would normally heal in 12 to 20 weeks sometimes heal in four weeks with EpiFix,” he said. He added that there is a high incidence of diabetes in Bakersfield, and EpiFix has been an important tool in healing the foot ulcers that often develop in diabetics.

Matthew Garoufalidis,² a Chicago podiatrist, explained that diabetics are often “so immunocompromised” that their ulcers don’t heal. Studies show that some 20% of diabetics who develop foot ulcers will eventually have part or all of a leg amputated below the knee. But the placental-cell formula used in EpiFix “stimulates the wound healing cycle” even with ulcers that are not responding to other healing products, Garoufalidis said. He also told me there are lots of good data affirming the efficacy of EpiFix. [A 2016 study](#) published in the International Wound Journal concluded that the technology used by EpiFix “is superior to standard care” in healing foot ulcers.

After my first MiMedx column was published Monday, several of Cohodes’s short-selling allies took to Twitter, saying they had proof that MiMedx was guilty of bribing doctors. [As Bloomberg News reported last year](#), three employees of a South Carolina Veterans Affairs hospital were indicted for accepting payments and other inducements from the company that resulted in “excessive use of MiMedx products.” One of the three was a doctor.

The indictment, however, does not allege any wrongdoing by MiMedx. You see, MiMedx had contracts with the three VA employees — just as it has contracts with doctors all over the country. And MiMedx itself didn’t play a part in the conduct that got the VA employees into hot water. The employees were supposed to get the contracts approved by the hospital. But apparently that didn’t happen. The case wasn’t about bribery; it was about violating government rules. Within five months of the indictments, prosecutors had concluded that the case wasn’t worth going to trial over. The three employees agreed to “pretrial diversion,” meaning that if they paid the money back — about \$3,500 in two cases, and about \$20,000 in the third — the indictments would be dismissed. That happened in April.

What about Cohodes’s charge that MiMedx’s products are creating a public health hazard? This should also raise an eyebrow (or two). The product he is primarily criticizing is AmnioFix. It also uses placental tissue, but it’s processed in such a way that it can be injected. AmnioFix’s primary purpose is to relieve degenerative joint and tendon pain — pain that is currently difficult to treat. It’s a relatively new product, and many of those who are long MiMedx stock think it has blockbuster potential.

Cohodes, however, says that AmnioFix has never been proved effective for anything, and that it hasn’t been approved by the Food and Drug Administration. “MiMedx was and is selling unapproved products to an unsuspecting and vulnerable public,” he said in an email. “People in pain often search for solutions in the unapproved drug world when they have run out of options. MiMedx has exploited that vulnerability and that is tragic.”

Let me offer an alternate take. In December 2017, the FDA issued new guidelines for injectable tissue — and gave companies three years to come into compliance and get approved indications for their products. With a year and a half to go, MiMedx is in the middle of a Phase III trial for the use of AmnioFix to relieve plantar fasciitis, and a Phase II trial for osteoarthritis. MiMedx bulls think it will have the indications approved by the December 2020 deadline.

Studies indicate that the technique MiMedx is pioneering with AmnioFix works: [One showed](#) that three months after an injection, 91 percent of patients felt significant pain relief. And the FDA is on record as saying that AmnioFix “[has the potential to address unmet medical needs](#).” My exchanges with Cohodes left me with the distinct impression that he views AmnioFix as some kind of rogue drug, operating outside the FDA system. Based on everything I've learned, it's not.

Digging into Cohodes's claims, I concluded that Asbahi is probably right: The short-seller and his allies are conducting a smear campaign intended to damage the company. I say this with a heavy heart. [I've written in the past](#) about companies Cohodes and his former partner David Rocker exposed, and I'm a big believer in the importance of short-sellers. Investors [need to listen to skeptical voices](#) as well as bullish ones. As a general rule, those who bet against companies are performing a service for all investors.

But it's also important that short-sellers tell the truth about what they find and have an open mind if a company, say, changes its tactics and its senior management. Stretching the facts to push a stock down is as bad as stretching them to push a stock up. And flogging a misguided narrative about products that could help millions of patients is just wrong. Campaigns like Cohodes's against MiMedx give short-sellers a bad name.

In an email, I asked Cohodes why he remained so obsessed with MiMedx. “You call it ‘obsessed,’ he replied, “but that's the wrong word. I am committed to truth and always have been.”

There was a time when I would have believed him. Not anymore.

A postscript: On Monday afternoon, Bloomberg and I received a lengthy letter from Cohodes's lawyer, David Shapiro, claiming that my first MiMedx column was “false and defamatory” and demanding a retraction. The letter reminded me of how this all started for Cohodes: with a presentation at a 2017 investment conference in which he denounced MiMedx and its then-CEO Petit for having sued three of the company's critics. “Quit intimidating the shorts, the critics, the free speakers,” Cohodes said then. “It has to stop.”

Apparently, Petit isn't the only one willing to use intimidation tactics to quiet his critics.

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1. Bloomberg's standards regarding foul language prevent me from repeating his actual words.
2. I spoke to a third doctor, Raymond Otto of Boise, Idaho, who also praised EpiFix as a superior wound product. I should note that all three doctors have given lectures on MiMedx's behalf. Garoufalidis told me that the typical lecture fee is \$1,500 or less.